

MEMORANDUM

DATE: February 28, 2017
TO: Mayor and Town Council
FROM: Jessica Cowles, Town Administrator
SUBJECT: **FY 2018 Public Safety Taxing District Budget Memo**

The Town of Berwyn Heights became the first municipality in Maryland to exercise new authority to create a special taxing district to enhance public safety. The Public Safety Taxing District (PSTD) encompasses the commercial and industrial properties along Greenbelt Road, Branchville Road, Ballew Avenue, Berwyn Road, and 55th Avenue.

The PSTD provides the Berwyn Heights Police Department additional resources to finance capital and operating costs for a police officer, historically the Detective, to strengthen police protection in the commercial district and the Town at-large. This additional officer augments existing policing efforts with increased staffing flexibility and allows for a second on-duty officer during busy evening and midnight shifts.

In Fiscal Year (FY) 2018, the PSTD is proposed to fund the salary and expenses of the full-time Detective within the Berwyn Heights Police Department. Funding for the PSTD comes from a special tax on commercial and industrial properties of \$0.10 per \$100 of assessed real property valuation and \$0.15 per \$100 of assessed personal property valuation. The FY 2018 proposed budget maintains this same tax rate.

The FY 2018 PSTD revenues are projected to increase about 2% over FY 2017 revenues. Overall real property revenues are expected to generate about a 3% increase over FY 2017 receipts. Personal property tax revenues are projected to see a slight decline due to fewer businesses subject to this local tax; however, the Town plans to exercise the authority from the State to lien personal property in order to achieve compliance, and there may be additional revenue generated as a result of these efforts.

The FY 2018 budget is balanced by using \$10,550 from fund balance. There is a projected end of FY 2017 fund balance of \$15,288. The trend for commercial real estate assessments has been slight increases over the last several fiscal years and the commercial property did not see the major declines like the residential real property assessments during the recession. The fund balance can sustain the expenses in FY 2018; however, it will be necessary to make adjustments in the tax rates in FY 2019 and onward for the PSTD to remain sustainable.

The Community Engagement goals and objective of the Strategic Plan outlined action steps to better involve the business community, and the Economic Development goals and objectives relate to the development of the Town's overall strategy in retaining and attracting businesses. Engagement with the business community in meeting the goals and objectives in the Strategic Plan will be critical in any efforts to make tax rate adjustments in the future.